

Texas Federal Court Invalidates FTC's Noncompete Ban Nationwide

On April 23, 2024, as we have previously summarized [here](#), the Federal Trade Commission (“FTC”) issued a new final rule banning all noncompete agreements with employees, subject to certain limited exceptions. The rule was immediately subject to legal challenges by businesses and other groups. The rule was scheduled to become effective on September 4, 2024.

On August 20, 2024, in *Ryan LLC v. Federal Trade Commission*, Judge Ada Brown of the U.S. District Court for the Northern District of Texas, issued an opinion and order setting aside the new rule on statutory and Administrative Procedure Act grounds and preventing its implementation nationwide.

The FTC in a public statement has noted that it is “seriously considering” an appeal of the decision, however, it is now unlikely that the rule will go into effect, if at all, for some time. Employers should note that noncompete agreements must still comply with state laws to be legal and enforceable and that the FTC has committed to continuing its case-by-case enforcement program against noncompete agreements.¹

¹ We summarized the agency's enforcement track record in our client update dated April 25, 2024.

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